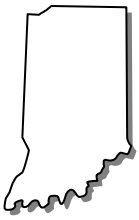

P R O V I D E R B U L L E T I N

B T 2 0 0 5 3 2 — D E C E M B E R 2 9 , 2 0 0 5

To: All Providers

Subject: Updated Notice of Program Change Due to the New Medicare Prescription Drug Coverage

Note: The information in this bulletin is not directed to those providers rendering services in the risk-based managed care (RBMC) delivery system. The information in this bulletin ***is directed*** *to the service delivery and billing staff of all fee-for-service and pharmacy providers. Please distribute appropriately. We also request that the associations distribute this information to their members and/or place this information in the materials that they publish.*

Overview

This bulletin provides additional information and clarification concerning Provider Bulletin *BT200526* released on November 15, 2005. Effective January 1, 2006, the Centers for Medicare and Medicaid Services (CMS) is implementing the new Medicare prescription drug coverage, also known as Medicare Part D. With the implementation of this new coverage, Medicaid can no longer pay for Medicare-covered prescription drugs for members who also have Medicare.

Members entitled to receive traditional Medicare, and who receive full Medicaid benefits, are eligible for Medicare Part D. People who receive Medicare benefits and full Medicaid benefits were automatically enrolled in Medicare prescription drug coverage in October 2005. These members can choose a Medicare prescription drug plan (PDP) on their own prior to December 31, 2005, or remain with the PDP chosen for them by Medicare. Medicare will pay for the majority of prescription drugs for these members.

CMS Solution For People Not Auto-Enrolled

CMS is contracting with a single national plan, Wellpoint, to manage payment of prescription drug claims for people who may not have been auto-enrolled. This single national plan is for the very limited number of dual eligible beneficiaries who have not yet been auto-enrolled into a Medicare Part D plan. CMS will provide additional information to pharmacies about this process.

E1 Eligibility Function Testing

CMS advised pharmacy providers to begin testing the new E1 eligibility function that will be available to pharmacies for the implementation of the new Medicare Part D plan. Testing may help to eliminate many of the pharmacy insurance and billing issues concerning third party liability. Free test transactions are available at:
http://medifacd.ndchealth.com/Pharmacies/MediFacD_Pharmacies_Testing.htm
http://medifacd.ndchealth.com/home/MediFacd_home.htm

CMS Fax Procedures for Multiple LTC Resident PDP Enrollment Information

Long-term care (LTC) facilities may need PDP enrollment information for residents of their facility. Nursing homes without Internet access or who need Medicare PDP enrollment information for multiple residents can now use a special CMS fax-based procedure.

Nursing home representatives must provide the required authentication information for each of their Medicare residents using the appropriate authentication form. Nursing homes are required to fax the completed form, along with the appropriate cover sheet including the name and telephone number of a voice contact, to Medicare at (785) 830-2593.

Providers must use these forms to expedite fax requests for PDP information to CMS. Failure to follow these procedures will result in a delay in response time. The Medicare customer service representatives will process the requests and fax them back to the nursing home. To access these forms, cover sheets, and instructions, refer to:

http://www.indianamedicaid.com/ihcp/Forms/LTC_Nursing_Home_Administrators_FAX_Procedures.doc or call 1-800-MEDICARE to request the forms.

Medicare Part D Coverage and Exclusions

This section provides coverage and exclusion information for Medicare Part D. Some Medicare-excluded drugs are also excluded from coverage by Medicaid. Certain drugs, including but not limited to over-the-counter drugs excluded by Medicare, may be covered by Medicaid, if the drug is part of the member's covered Medicaid benefits.

Medicare Part D Coverage

Medicare drug plans will cover brand name and generic drugs as follows:

- Prescription drugs
- Biological products
- Insulin as described in specified paragraphs of *section 1927(K)* of the *Medicare Modernization Act*
- Medical supplies for injection of insulin such as syringes, needles, alcohol swabs, and gauze
- Vaccines licensed under *section 351* of the *Public Health Service Act*. Vaccines not covered by Medicare Part B that are determined to be medically necessary are covered under Medicare Part D.

> *Note: PDPs are not required to cover all Medicare Part D covered drugs. Refer to the PDP specific drug formulary for coverage information.*

Home Infusion Therapy

Medicare Part D drugs that are a component of home infusion therapy are not to be billed to Indiana Medicaid for dual eligibles. Provider adherence to this policy will be monitored via post payment review and recoupment will follow in cases of violation of this directive.

Medicare Part D Exclusions

After December 31, 2005, Medicaid cannot pay for Medicare-covered prescription drugs for people with Medicare and Medicaid, the Medicare PDP deductibles, or co-payments. Medicare Part D coverage excludes the following drugs:

- Drugs for anorexia, weight loss, or weight gain
- Drugs used to promote fertility
- Drugs used for cosmetic purposes or for hair growth
- Drugs from a manufacturer who requires that any associated tests and monitoring services be purchased exclusively from the manufacturer or the manufacturer's designee
- Benzodiazepines
- Barbiturates
- Drugs used for symptomatic relief of cough and colds
- Prescription vitamins and mineral products, except prenatal vitamins and fluoride preparation products

- Any drug covered through Medicare Part A or Medicare Part B
- Supplies, equipment, and services involved in the delivery of home infusion

Indiana Medicaid Coverage of Medicare Part D Excluded Drugs

Indiana Medicaid will pay for Medicare Part D - excluded drugs to the extent that they are a covered Indiana Medicaid benefit. Any OTC drug covered by Indiana Medicaid must be on the *State of Indiana OTC Drug Formulary*. Medicare Part D - excluded prescription drugs are subject to the preferred drug list (PDL), existing PDL limits, and any other applicable pharmacy program restrictions.

The Medicaid-covered, Medicare Part D - excluded drug listing can be viewed at: http://www.indianamedicaid.com/ihcp/ProviderServices/medicareD.asp This listing is subject to change based on changes to program policy.

The OTC Drug Formulary and PDL can be viewed at http://www.indianapbm.com/. Pharmacists and prescribing practitioners should contact ACS with any questions related to the PDL or OTC Drug Formulary by calling 1-866-879-0106.

Medicaid Spend-down and Medicare Part D

Indiana Medicaid members with a spend-down must still satisfy their monthly spend-down obligation before providers will be reimbursed for Medicaid. Medicare Part D co-payments and out-of-pocket expenses for Medicare-excluded drugs covered by Medicaid will apply to spend-down, in addition to other Medicaid covered medical expenses. Pharmacists will be notified of the amount the member owes for his or her remaining spend-down balance at the time the POS claim adjudicates. Pharmacists may collect payment from the member at the point of dispensing. Members will be responsible for retaining bills or receipts for Medicare Part D out-of-pocket expenses that count toward their monthly Medicaid spend-down. Members must take the receipts or bills to their local Office of Family Resources to apply to their spend-down. For general information about spend-down, providers should refer to the provider manual, bulletins, newsletter articles, and banners.

For additional information about spend-down, refer to *BT200527* available on the IHCP Web site at: http://www.indianamedicaid.com/ihcp/Bulletins/BT200527.pdf.

Medicare Part D and Medicaid Eligibility Verification

An upgrade to the IHCP Eligibility Verification System (EVS) will be implemented along with Medicare Part D. A new Medicare indicator of 'D' will display on the eligibility verification response if a member is eligible for Medicare Part D. All forms of IHCP eligibility verification – Web interChange, Automated Voice Response (AVR), and the Omni swipe card system – are included in this upgrade.

Providers who use OMNI for eligibility verification must download the new version of OMNI software on or after January 1, 2006, to display the Part D indicator. There is no cost associated with this download. The IHCP provider bulletin, *BT200303*, published January 31, 2003, provides complete download instructions. The bulletin is available from the IHCP Web site at www.indianamedicaid.com. Direct questions about the OMNI device download to the OMNI Help Desk at (317) 488-5051 in the Indianapolis local area or 1-800-284-3548. The OMNI Help Desk telephone lines are available from 8 a.m. to 5 p.m. Monday through Friday, excluding State holidays.

Additional Information

Medicare Part D is a federal program implemented by CMS. The information in this bulletin is meant to address changes to the Indiana Medicaid program as a result of implementation of the Medicare Part D benefit. The following are additional sources of information about Medicare Part D:

- *Medicare & You 2006* handbook
- Medicare Web site at www.medicare.gov
- 1-800-MEDICARE (1-800-633-4227) or 1-877-486-2048 for TTY users
- Medicare Part B versus Part D Information at http://www.cms.hhs.gov/pdps/PartbandPartDdoc-revised7-27-05.pdf

Questions

Providers should direct questions about this bulletin to EDS Customer Assistance by calling (317) 655-3240 in the Indianapolis local area or 1-800-577-1278. Providers calling about pharmacy-related concerns should select *Option 1*. Providers calling about non-pharmacy related concerns should select *Option 2*. The Customer Assistance telephone lines are available from 8 a.m. to 5 p.m. Monday through Friday, excluding State holidays, with the exception of January 2, 2006, when the help desk will be open during normal business hours.